



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

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Fifth District

December 28, 2011

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From:

William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "William T. Fujioka", followed by the word "for" in a cursive script.

## EARLY RETIREE REINSURANCE PROGRAM

The Early Retiree Reinsurance Program (ERRP) is part of the Patient Protection and Affordable Care Act (PPACA). The program is to provide an incentive for employers to maintain retiree health benefits for retirees ages 55 and older, and not Medicare eligible. Through ERRP, employers can file claims for a portion of the funds available. After a participant incurs between \$15,000 and \$90,000 in allowable healthcare claims in a plan year, ERRP will reimburse 80 percent of those claims. Sponsors of early retiree health programs must be able to show that the subsidies were not used to reduce their level of support for the plan.

ERRP was funded with \$5 billion and was intended to last through the end of 2013 when it is anticipated that other offerings in PPACA, such as the exchanges, will make it easier for early retirees to find affordable coverage. As of December 2, 2011, ERRP disbursed over \$4.5 billion. Given the approach of the \$5 billion funding limit, ERRP has instituted an incurred claims cut-off date of December 31, 2011.

The County, through Los Angeles County Employees Retirement Association (LACERA), has filed claims for reimbursement through ERRP. To date, LACERA has received \$12.1 million from ERRP. An additional payment of \$4.5 million has been approved and LACERA is awaiting the release of these funds. One additional reimbursement request from Cigna is still in process. The amount cannot be

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determined until it is approved and LACERA is continuing to work with Cigna to get the claims approved.

Utilization of the reimbursement monies will be addressed in the budgetary process in compliance with federal guidelines. Should you have any questions, please contact me at (213) 974-1101.

WTF:BC:JA  
MTK:mst

c: Executive Office, Board of Supervisors  
County Counsel  
Chief Executive Officer, LACERA

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